

# Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended.

Unit Name	WOLVERINE JOINT FIRE BRD	County	CHEBOYGAN	Type	OTHER	MuniCode	16-7-503
Opinion Date	09/14/06	Audit Submitted	06/09/08	Fiscal Year	03/31/06		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

**Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".**

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text" value="71895"/>
General Fund Expenditure:	<input type="text" value="48009"/>
Major Fund Deficit Amount:	<input type="text"/>

General Fund Balance:	<input type="text" value="69340"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	JEFFREY	Last Name	COOK	Ten Digit License Number	1101011876				
CPA Street Address	100 WEST FIRST ST	City	GAYLORD	State	MI	Zip Code	49735	Telephone	9897327515
CPA Firm Name	KESKINE COOK MILLER AL	Unit's Street Address		City		Zip Code			

**WOLVERINE JOINT FIRE BOARD**

**ELLIS/MENTOR/NUNDA & WILMOT TOWNSHIPS  
CHEBOYGAN COUNTY, MICHIGAN**

**AUDITED FINANCIAL STATEMENTS**

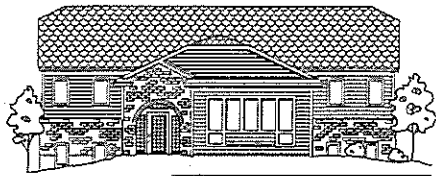
**MARCH 31, 2006**

## WOLVERINE JOINT FIRE BOARD

CHAIRMAN	Tom Gary
VICE CHAIRMAN	Patricia Ogden
SECRETARY	Patty Mattson
TREASURER	Kathy Mattson
MEMBER	Edward Wenta
MEMBER	Patricia Hutchison
MEMBER	Gloria Pierson
MEMBER	Carl Edgmon
MEMBER	Lorraine Grubaugh

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Keskine, Cook, Miller & Alexander LLP  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Walter J. Keskine, C.P.A.  
Jeffrey B. Cook, C.P.A.  
Richard W. Miller, C.P.A.  
Ronald D. Alexander, C.P.A.  
Curt A. Reppuhn, C.P.A.

## INDEPENDENT AUDITOR'S REPORT

September 14, 2006

Members of the Board  
Wolverine Joint Fire Board

We have audited the accompanying financial statements of the governmental activities and the major fund information of the Wolverine Joint Fire Board, Cheboygan County, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Fire Board's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Fire Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund information of the Wolverine Fire Board, Cheboygan County, Michigan as of March 31, 2006, and the respective changes in financial position, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3-5 and budgetary comparison information on page 14 respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*V.K. Cook Miller, Alex Q. LLP*

Keskine, Cook, Miller & Alexander, LLP



**Wolverine Joint Fire Board**  
P O Box 362 ~ Wolverine MI 49799

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Wolverine Joint FireBoard annual financial report presents our discussion and analysis of the FireBoard's financial performance during the fiscal year ended March 31, 2006. Please read it in conjunction with the financial statements that immediately follow this section.

### **Financial Highlights**

Our financial status improved this year with total assets increasing by \$7,018 to \$277,622 of which \$209,615 consists of capital assets, total liabilities decreasing by \$17,468 to \$58,033, of which \$39,243 is classified as non-current, and total net assets increasing by \$24,486 to \$219,589.

All new equipment from previous years has been put in service and all the firemen have new turnout gear.

Overall revenues were \$71,895 and overall expenses were \$47,409 in the statement of activities.

### **Overview of the Financial Statements**

This annual report consists of three parts; management discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the entity.

The first two statements are entity wide financial statements and provide both long and short-term information about our overall financial status. These statements present government activities.

The remaining statements are fund financial statements, which focus on detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

### **Entity Wide Statements**

The entity wide statements report information about the FireBoard as a whole, using accounting methods used by private companies. The statement of net assets includes all the FireBoard's assets and liabilities. The state of activities records all of

the current year revenues and expenses regardless of when received or paid.

The two entity wide statements report net assets and how they have changed. Net assets are the difference between the FireBoard's assets and liabilities and this is one method to measure the FireBoard's financial health or position.

Over time increases or decreases in the FireBoard's net assets are an indicator of whether financial position is improving or deteriorating.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the FireBoard's funds. Funds are established to account for funding and spending of specific financial resources and to show proper expenditure of those resources.

The entity has the following kind of funds:

Governmental Fund - All of the FireBoard's activities are included in one fire fund, classified in the governmental fund category. This fund is presented on the modified accrual basis, which is designed to show short-term financial information. You will note that differences between the entity wide statements and the fund statements are disclosed in the reconciling financial statements to explain the differences between them.

### **Financial Analysis of the Entity as a Whole**

Net Assets - the FireBoard's net assets increased during the year ended March 31, 2006 totaling \$219,589, \$150,864 invested in capital assets; leaving \$68,725 in unrestricted/unreserved net assets. The unrestricted/unreserved net assets will be used for debt service payments on the new fire truck and other operating expenses.

### **Capital Asset**

Our capital assets are the equipment that we received from the Village of Wolverine when the FireBoard was formed, various fire operating equipment, and a new fire truck purchased in the year ended March 31, 2004.

### **Known Factors affecting Future Operations**

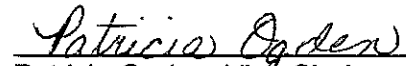
We are looking into applying for a couple of other grants that are available locally. 2006 FEMA Grant cycle opened on March 7, 2006, we applied for a new tanker. We were unsuccessful last year in receiving the grant.




## Contacting Fire Board Management

This financial report is designed to provide our taxpayers and creditors with a general overview of the FireBoard's finances and to demonstrate the FireBoard's accountability for the revenues it receives. If you have questions concerning this report, please contact any member of the FireBoard.

  
Thomas Gary, Chair

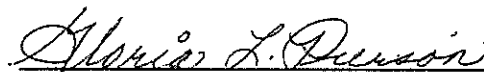
  
Patricia Ogden, Vice Chair


  
Patty Mattson, Secretary

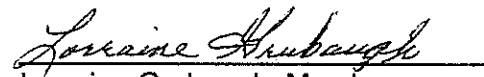
  
Kathy Mattson, Treasurer

  
Edward Wenta, Member

  
Patricia Hutchison, Member

  
Gloria Pierson, Member

  
Carl Edgmon, Member

  
Lorraine Grubaugh, Member

**WOLVERINE JOINT FIRE BOARD**  
**GOVERNMENTAL FUND BALANCE SHEET - STATEMENT OF NET ASSETS**  
**MARCH 31, 2006**

	Balance Sheet - Modified Accrual	Adjustments	Statement of Net Assets - Full Accrual
<b>Assets</b>			
Cash	\$ 25,273	\$ -	\$ 25,273
Investments	41,983	-	41,983
Prepaid expenses	751	-	751
Capital assets, net	-	209,615	209,615
<b>Total Assets</b>	<b>\$ 68,007</b>	<b>\$ 209,615</b>	<b>\$ 277,622</b>
<b>Liabilities</b>			
Accrued liabilities	-	616	616
Current portion of capital lease	-	18,174	18,174
General long-term debt	-	39,243	39,243
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 58,033</b>	<b>\$ 58,033</b>
<b>Fund Balance</b>			
Unreserved and undesignated	69,340	(599)	219,589
<b>Total liabilities and fund balance</b>	<b>69,340</b>	<b>(58,632)</b>	<b>277,622</b>
<b>Net Assets</b>			
Investment in capital assets, net of related debt	-	150,864	150,864
Unrestricted	-	68,725	68,725
<b>Total net assets</b>	<b>\$ -</b>	<b>\$ 219,589</b>	<b>\$ 219,589</b>

See accompanying notes to financial statements

**WOLVERINE JOINT FIRE BOARD**  
**STATEMENT OF GOVERNMENTAL FUND REVENUE, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2006**

	Revenues and Expenditures - Modified Accrual	Adjustments	Statement of Activities Full Accrual
<b>REVENUES</b>			
Township Contributions:			
Ellis Township	11,548	-	11,548
Mentor Township	8,719	-	8,719
Nunda Township	31,301	-	31,301
Wilmot Township	16,598	-	16,598
Run Charges	1,000	-	1,000
Interest	1,095	-	1,095
Reimbursements	1,634	-	1,634
	<hr/>	<hr/>	<hr/>
Total Revenues	71,895	-	71,895
<b>EXPENDITURES</b>			
Wages	500	-	500
Medical	245	-	245
Office Supplies	392	-	392
Cleaning Supplies	17	-	17
Extinguisher Refill	155	-	155
Air pack maint&refill	1,975	-	1,975
Building and Grounds Maintenance	243	-	243
Radio Pager Repair	484	-	484
Snow Removal	300	-	300
Vehicle Repairs	3,491	-	3,491
Professional Fees	1,200	-	1,200
Education and Training	2,365	-	2,365
Insurance	9,268	-	9,268
Utilities - Electric	589	-	589
Utilities - Heat	2,554	-	2,554
Internet	210	-	210
Telephone	777	-	777
Small equipment	663	-	663
Turnout gear	124	-	124
Dues and Subscriptions	50	-	50
Miscellaneous	52	-	52
Vehicle Fuel	1,184	-	1,184
Truck Payment	21,171	(21,171)	-
Depreciation Expense	-	15,535	15,535
Interest Expense	-	5,036	5,036
	<hr/>	<hr/>	<hr/>
Total Expenditures	48,009	(600)	47,409
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	23,886	600	24,486
Fund balance / Net Assets:			
Beginning of year	\$ 45,454	\$ -	\$ 195,103
	<hr/>	<hr/>	<hr/>
End of year	69,340	(600)	219,589
	<hr/>	<hr/>	<hr/>

See accompanying notes to financial statements

**WOLVERINE JOINT FIRE BOARD  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2006**

**NOTE A: ENTITY**

The Wolverine Joint Fire Board is a joint venture created November 9, 1999 by Ellis, Mentor, Nunda & Wilmot Townships, Cheboygan County, Michigan. On April 1, 2000 the Village of Wolverine donated various fire department assets to the Board. The Wolverine Joint Fire Board is organized under PA 7 of 1967 and PA 365 of 1982 of the Michigan Compiled Laws. The board was organized to better serve the citizens of the townships and the Village of Wolverine. An individual township may withdraw from the agreement with a 12-month prior notice. The agreement expires April 1, 2010 and may be renewed, revised or cancelled by a separate majority vote of the townships participating at that time.

The Department is under the control of a Board consisting of two members from each Township and a member residing in the Village of Wolverine. Each township appoints two Board members and an at large member is selected from the Village of Wolverine. The Board's duties are to oversee operations, maintain assets, and communicate with the Fire Chief and their respective municipal boards.

Funding for the Fire Board's operations is largely provided by an assessment to each township approximately equal to a 1 mill levy on the taxable value of the geographical area covered. The Joint Fire Board's boundaries include all of Wilmot and Nunda Townships and parts of Mentor & Ellis Townships.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting framework and the more significant accounting principles and practices of the Wolverine Fire Board are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide including required disclosures, of the Fire Board's financial activities.

The accounting policies of the Wolverine Fire Board conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION**

***Government-Wide Financial Statements***

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Fire Board as a whole.

***Fund Financial Statements***

Fund financial statements are provided for the Fire Board's governmental fund. The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

**WOLVERINE JOINT FIRE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2006**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**FUND TYPE AND MAJOR FUND**

***Governmental Fund***

The Fire Board reports the following major governmental fund:

*Fire Fund* - This fund is used to account for all financial transactions of the Wolverine Joint Fire Board. The Fire Board's primary source of revenue is from Township assessments "earmarked" for fire protection. These assessments are received from all Townships in April of each year. Interest is earned on cash investments. Other revenues are from miscellaneous activities/sources.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The financial statements of the Fire Board are prepared in accordance with generally accepted accounting principles (GAAP). The Fire Board's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Fire Board's entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

**Government-Wide Financial Statements**

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

**Governmental Fund Financial Statements**

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Fire Board considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes and investment income. In general, other revenues are recognized when cash is received.

**WOLVERINE JOINT FIRE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2006**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BUDGET**

An annual budget is required of the Wolverine Joint Fire Board. The budget is open to the public for their consideration before final adoption. The Townships also individually review and approve the budget. Upon completion of the public hearing, The budget was adopted on a fund level using the modified accrual basis of accounting. The budget was amended as necessary throughout the year. Both the original and amended budgets are presented in these financial statements, as a part of required supplementary information. Budgets as adopted end on March 31<sup>st</sup> of each year. There are no carryover budget items.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**RESTRICTED RESOURCES**

When an expense is incurred for purposes for which both restricted and unrestricted net assets available, the Fire Board first uses restricted net assets to fund the expense and once depleted, uses unrestricted net assets to fund the remaining expense.

**CAPITAL ASSETS AND DEPRECIATION**

The Fire Board's property, plant, and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Fire Board has no infrastructure assets. Donated assets are stated at fair value on the date donated. The Fire Board generally capitalizes assets with a cost of \$1,000 or more as purchases occur, if:

1. the estimated life of the assets is extended by more than 25% or
2. the cost results in an increase in the capacity of the asset, or
3. the efficiency of the asset is increased by more than 10%, or
4. significantly changes the character of the asset, or
5. otherwise, the cost should be expensed as repair and maintenance.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

**WOLVERINE JOINT FIRE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2006**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**CAPITAL ASSETS AND DEPRECIATION (CONTINUED)**

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	25 – 40
Land Improvements	10 – 20
Furniture, machinery, and equipment	5 – 10
Vehicles	5 – 10

Land and construction in progress are not depreciated.

**LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND  
DISCOUNTS/PREMIUMS**

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effect of interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**NOTE C: CUSTODY OF ASSETS**

All assets are under the control of the Joint Fire Board. If a township withdraws from the agreement it forfeits all acquired assets of the Joint Fire Board. If the Board is dissolved, its assets shall become the property of the Volunteer Fire Department. If the Volunteer Fire Department dissolves, the assets shall be liquidated and the proceeds divided among the participating Townships based on the average percent of contribution in the previous three years.

**NOTE D: CASH / INVESTMENTS**

Cash is maintained in a financial institution in the Wolverine, Michigan area and consists of an interest bearing checking and savings account.

The Fire board's investments at March 31, 2006 consist of certificates of deposit maintained in a local financial institution.

Cash / Investments are insured by the FDIC up to \$100,000. Cash in excess of FDIC limits is not insured or collateralized. At March 31, 2006, the Fire Board had deposits with a total bank balance of \$67,926 and a book balance of \$67,256. The entire bank balance was insured by the FDIC at March 31, 2006.

**WOLVERINE JOINT FIRE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2006**

**NOTE D: CASH / INVESTMENTS (CONTINUED)**

Statutory Authority

Act 217, PA 1982, authorizes the Department to deposit and invest in:

- (a) bonds and other direct obligations of the United States or its agencies
- (b) certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of Act 105, PA 1855, as amended
- (c) Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time
- (d) United States Government or Federal Agency obligation repurchase agreements
- (e) banker's acceptance of United States banks
- (f) Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan

The Board's cash and investments are in accordance with statutory authority.

**NOTE E: PREPAID EXPENSE**

As of March 31, 2006, the Fire Board recognized prepaid expense of \$751, related to workers' compensation insurance.

**NOTE F: CAPITAL ASSETS**

The following table provides a summary of changes in capital assets:

	<u>Balance April 1, 2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance March 31, 2006</u>
Capital assets being depreciated:				
Fire Equipment	\$ 74,280.00	\$ -	\$ -	\$ 74,280.00
Vehicles	<u>215,783.00</u>	<u>-</u>	<u>-</u>	<u>215,783.00</u>
Subtotal	290,063.00	-	-	290,063.00
Accumulated Depreciation	<u>64,913.00</u>	<u>15,535.00</u>	<u>-</u>	<u>80,448.00</u>
Net Assets Being Depreciated	<u>225,150.00</u>	<u>(15,535.00)</u>	<u>-</u>	<u>209,615.00</u>
Net Capital Assets	<u>\$ 225,150.00</u>	<u>\$ (15,535.00)</u>	<u>\$ -</u>	<u>\$ 209,615.00</u>



**WOLVERINE JOINT FIRE BOARD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED MARCH 31, 2006**

**NOTE G: CAPITAL LEASE**

In 2002, The Fire Board acquired a pumper fire truck for \$174,500. The Fire Board paid an initial down payment of \$50,000 and financed the remaining \$124,500 through a capital lease agreement. The lease payments are due as follows:

<u>Original Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$ 124,500	5.22%	1/15/07	18,174	2,997	21,171
		1/15/08	19,122	2,049	21,171
		1/15/09	20,121	1,050	21,171
	Total		<u>\$ 57,417</u>	<u>\$ 6,096</u>	<u>\$ 63,513</u>

Accrued interest at March 31, 2006 totaled \$616.

**NOTE H: INSURANCE COVERAGES**

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Board pays annual premiums for the respective insurance coverage. There were no significant changes in coverage, nor were there any significant claims for the year.

**NOTE I: LEASE / CONTINGENCY**

The Board leases the fire hall from the Village of Wolverine. The lease requires normal maintenance of the facility and payment of all repairs and utilities. Annual cost of the lease is equal to the insurance cost of the building. With 180 days notice, either party may terminate the lease at any time. As of September 14, 2006, no invoice has been received from the Village of Wolverine and no expense has been recorded for the year ended March 31, 2006 or prior periods. Due to the absence of previous invoices, retroactive and future lease costs associated with this agreement are not determinable.

**WOLVERINE JOINT FIRE BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
<b>REVENUES</b>				
Township Contributions:				
Ellis Township	\$ 10,706	\$ 10,706	\$ 10,706	\$ -
Mentor Township	7,770	7,770	7,770	-
Nunda Township	29,362	29,362	29,362	-
Wilmot Township	15,585	15,585	15,585	-
Donations	-	-	2,491	2,491
Interest	1,000	1,000	757	(243)
Reimbursements	-	-	673	673
Total Revenues	64,423	64,423	67,344	2,921
<b>EXPENDITURES</b>				
Wages	1,000	1,000	500	500
Medical	500	130	-	130
Office Supplies	500	500	422	78
Cleaning Supplies	100	100	-	100
Fire Operating Supplies	1,500	2,000	1,880	120
MFR Expnese	1,367	1,367	537	830
Building and Grounds Maintenance	250	250	228	22
Radio Pager Repair	1,000	250	102	148
Other Repairs	-	-	2,798	(2,798)
Snow Removal	250	250	250	-
Vehicle Repairs	2,000	900	986	(86)
Professional Fees	1,100	1,100	1,100	-
Education and Training	3,000	1,600	997	603
Insurance	9,100	10,100	10,082	18
Utilities	3,000	3,100	3,137	(37)
Internet	250	250	210	40
Telephone	1,000	700	683	17
Small Equipment	2,000	3,000	2,990	10
Turnout Gear	2,000	3,300	3,287	13
Dues and Subscriptions	150	150	75	75
Septic pumping	2,076	2,096	1,024	1,072
Vehicle Fuel	1,000	1,000	743	257
Equipment	10,100	10,100	-	10,100
Truck Payment	21,180	21,180	21,171	9
Total Expenditures	64,423	64,423	53,202	11,221
Excess (Deficiency) of Revenues over Expenditures	-	-	14,142	14,142
<b>OTHER FINANCING SOURCES</b>				
Excess (Deficiency) of Revenues and Other Sources over Expenditures	-	-	14,142	14,142
Fund Balance - Beginning of Year	31,312	31,312	31,312	-
Fund Balance - End of Year	\$ 31,312	\$ 31,312	\$ 45,454	\$ 14,142